HONOURABLE SRI JUSTICE GODA RAGHURAM

AND

HONOURABLE SRI JUSTICE M.VENKATESWARA REDDY

WRIT APPEAL NO.487 OF 2006

JUDGMENT: *(per Hon'ble Sri Justice Goda Raghuram)*

Heard.

Appeal is directed against the interlocutory order of the learned Singe Judge, dated 24.04.2006, in W.P.M.P.No.8718 of 2006 in W.P.No.6786 of 2006, directing the first respondent to dispose of the first appellant's Appeal No.14/2 of 2006 questioning the cancellation of the banking licence of the first appellant-bank or in the alternative to dispose of the stay petition filed along therewith, within a period of six weeks from the date of receipt of a copy of the order of the learned Single Judge.

The first appellant is in the banking business in the Co-operative sector and registered as Co-operative society under the A.P. Co-Operative Societies Act, 1964 (for short 'the Act'). By an order, dated 01.03.2006, the second respondent-Reserve Bank of India exercising the powers, authority and jurisdiction under the provisions of the Banking Regulation Act, 1949 (for short 'the 1949 Act'), directed cancellation of the banking licence of the first appellant and also directed the Registrar of Co-Operative Societies, A.P., to wind up the bank under the powers available under Section-64 of the Act. As against the order, dated 01.03.2006, of the second respondent cancelling the banking licence, the first appellant-bank preferred an appeal to the Government of India under Section-22 (5) of the 1949

Act, on 29.03.2006, being Appeal No.14/2 of 2006. During the pendency of the appeal, it was contended before the learned Single Judge, if the order of winding up as has consequentially been ordered by the fourth respondent herein by the proceedings, dated 01.03.2006, were to be operationalised, the appeal would become infructuous.

The grievance in this appeal is that without considering this aspect of the matter, the learned Single Judge has merely directed the appellate authority-the first respondent to expeditiously dispose of the first appellant's appeal or the interlocutory application filed along therewith.

The appellants have a valid point to canvass. They have a statutory appellate remedy against the order of cancellation of licence. Till such appellate jurisdiction is exercised and an order is passed in the appeal, irretrievable changes ought not to be made and the bank ought not to be liquidated.

In the aforesaid circumstances, the Writ Appeal is disposed of to the extent of suspending the order of the fourth respondent, dated 07.03.2006, to the extent of ordering winding up of the first appellant-bank and appointing one Shaik Yakoob Hussain, Assistant Registrar, O/o the Divisional Co-Operative Officer, Charminar Division, as a Part-time Liquidator under Section-65 of the Act and in terms of Section-115-B(2) read with Section-13-D of the Depositors Insurance Credit Guarantee Co-Operation Act, 1961. This order of suspension of the fourth respondent's proceedings, dated 07.03.2006, shall be operative till the disposal of the first appellant's appeal by the first respondent. The affairs of the first appellant-bank will fall to be regulated thereafter in accordance with the decision of the appellate authority-first respondent. If the first respondent concurs with the decision of the Reserve Bank of India, cancelling the banking licence

of the first appellant-bank, then the order of the Reserve Bank of India, dated 01.03.2006, directing the fourth respondent to exercise jurisdiction and powers under Section-64 of the Act, will become operational as also the order of the fourth respondent, dated 07.03.2006.

Till the disposal of Appeal No.14/2 of 2006, however, the order of the fourth respondent, dated 07.03.2006, shall remain suspended. In the interregnum and till the disposal of the appeal by the first respondent, the Registrar of Co-Operative Societies, A.P., Hyderabad, shall take charge of the affairs of the first appellant-bank and shall maintain *status quo* as to the affairs of the bank, having regard to the fact that the cancellation of the banking licence is operational and no interim order has been passed in the appeal by the first respondent. The order of the learned Single Judge impugned herein is modified to the extent above.

The writ appeal is accordingly disposed of. There shall be no order as to costs.

The learned Government Pleader for Co-Operation undertakes to ensure that the Registrar of Co-Operative Societies, A.P., Hyderabad, assumes charge of the first appellant-bank, as ordained by this Court.

GODA RAGHURAM, J

02.05.2006

DR/VGB

M.VENKATESWARA REDDY, J